

Senate Bill No. 918

Passed the Senate May 9, 2011

Secretary of the Senate

Passed the Assembly July 1, 2011

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2011, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 301.9 to the Corporations Code, relating to mutual water companies.

LEGISLATIVE COUNSEL'S DIGEST

SB 918, Anderson. Mutual water companies: boards of directors.

Existing law provides for the formation and operation of general corporations, and specifies that directors shall be elected to the board of directors at each annual meeting of shareholders to serve until the next annual meeting, except as provided for a publicly listed corporation.

This bill would provide that a mutual water company incorporated as a general corporation may elect directors to staggered 4-year terms and allow the initially elected directors to determine by lot which of them shall instead serve a 2-year term, as specified. The bill would require the mutual water company to notify its shareholders, prior to the election, that the directors shall determine their terms by lot.

The people of the State of California do enact as follows:

SECTION 1. Section 301.9 is added to the Corporations Code, to read:

301.9. Notwithstanding Section 301, a mutual water company organized under this division may elect directors to serve staggered four-year terms if authorized in the corporation's articles of incorporation or bylaws. Upon the initial election of directors to staggered terms, the elected directors shall determine by lot who among them shall serve initial two-year terms and who among them shall serve four-year terms. Prior to any election in which the terms of elected directors shall be determined by lot, the mutual water company shall notify its shareholders that the terms of the directors elected shall be determined among those directors by lot.

Approved _____, 2011

Governor